Indebtedness of farmers in Andhra Pradesh

*150. SHRI RAMA MUNI REDDY SIRIGIREDDY:
SHRI K. RAMA MOHANA RAO:

Will the Minister of AGRICULTURE be pleased to state:

(a) whether it is a fact that according to the latest Sample Survey Organisation's Report, 82 per cent of the farm holdings in Andhra Pradesh are suffering from indebtedness;

(b) whether it is also a fact that in spite of high GDP growth and agricultural prosperity, nearly half of the farm holdings in the country are indebted at various degrees; and

(c) if so, the action Government are taking to reduce indebtedness in the country, with particular reference to Andhra Pradesh?

THE MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR): (a) and (b) Yes, Sir. 82 per cent of the farmer households in Andhra Pradesh and 48.6 per cent of the farmer households in the country were reported to be indebted *i.e.* having a liability in cash or kind with value Rs. 300 or more at the time of transaction as per the findings of the Survey Report on "Indebtedness of Farmer Households" released by National Sample Survey Organisation (NSSO) in the month of May, 2005.

(c) To reduce the dependence of farmers on private moneylenders for meeting their credit requirements and to provide relief to the indebted farmers of the country including Andhra Pradesh, the Government has taken several steps and has advised the banks as under:-

i. To increase credit flow to agriculture sector at the rate of 30% per year.

ii. Debt restructuring under the following heads in accordance with the guidelines issued by Reserve Bank of India (RBI)/National Bank for Agriculture & Rural Development (NABARD):-

- Farmers in distress—Rescheduling/restructuring of the outstanding loan of the farmer as on 31st March, 2004 in the districts declared as calamity-affected by the State Government. Rescheduled loan shall be repayable over a period of five years, at current interest rates, including an initial moratorium of two years.
- Farmers in arrears—Loans in default of farmers who have become ineligible for fresh credit as their earlier debts have been categorized as sub-standard or doubtful shall be rescheduled as per the guidelines so that such farmers become eligible for fresh credit.

On restructuring as above, the farmers will become eligible for fresh loans.

iii. Banks have been advised to grant a one-time settlement (OTS) including partial waiver of interest or loan to the small and marginal farmers who have been declared as defaulters and have become ineligible for fresh credit. Banks have also been advised to review cases where credit has been denied on the sole ground that a loan account was settled through compromise or write offs.

iv. In some parts of the country, farmers face acute distress because of the heavy burden of debt from non-institutional lenders (e.g. private moneylenders). Banks have been permitted to advance loans to such farmers to provide them relief from indebtedness.

v. The banks have been advised to waive margin/security requirements for agricultural loans up to Rs. 50,000 and for agri-business & agri-clinics loans up to Rs. 5 lakh.

vi. All the Public Sector banks have been advised to reduce their lending rate for agriculture to a single digit rate of not more than 9% per annum on crop loans upto a ceiling of Rs. 50,000/-. This rate will benefit most of the crop loan account holders and will cover almost all the small and marginal farmers.

Growth of FPIs

*151. SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether it is a fact that the annual growth rate of food processing industries in the country remained at around 6 per cent in the past;

(b) if not, the annual growth rate assessed from the period 2000 to 2004;

(c) whether it is also a fact that there are ample opportunities for growth of the said industry in the country; and

(d) if so, the reaction of Government thereto?

THE MINISTER OF STATE OF THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAI): (a) to (d) As per the National Accounts Statistics 2005, average annual GDP growth rate of food processing industries including tobacco in the country during